
Program Memorandum Intermediaries

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal A-01-150

Date: DECEMBER 28, 2001

CHANGE REQUEST 2017

SUBJECT: Provider Education Article: CY2002 OUTPATIENT PROSPECTIVE PAYMENT SYSTEM RATE IMPLEMENTATION DELAY

The purpose of this Program Memorandum (PM) is to alert the provider community concerning the delay of the Calendar Year 2002 update to the Outpatient Prospective Payment System (OPPS). We are attaching an article which will assist in informing providers of CMS's plan regarding the implementation delay and billing instructions.

You should publish this article in your next regularly scheduled bulletin, and post it immediately on any Internet sites or bulletin boards you maintain. You are encouraged to provide in your bulletin any additional information to supplement or complement the article.

Within 30 days of publication of the article, forward a copy to the central office at this address:

Mary Case
CMS/CMM/PBEG/DPET
C4-10-07
7500 Security Boulevard
Baltimore, Maryland 21244-1850

Attachment

The *effective date* for this PM is December 28, 2001.

The *implementation date* for this PM is December 28, 2001.

These instructions should be implemented within your current operating budget.

This PM may be discarded after January 31, 2003.

If you have any questions, contact Mary Case at (410) 786-0021 or mcase@cms.hhs.gov.

Delay of the 2002 Update to the Outpatient Prospective Payment System (OPPS)

What do health care providers need to know?

What is the purpose of the delay?

The Calendar Year (CY) 2002 update to the Medicare outpatient prospective payment system (OPPS) rates set to go into effect on January 1, 2002, will be delayed. This delay allows the Centers for Medicare & Medicaid Services (CMS) to implement the CY 2002 OPPS update without disrupting the flow of payments to health care providers and without impacting your ability to collect the proper amounts of coinsurance and deductible from our beneficiaries. This delay will also help ensure that Medicare beneficiaries receive the outpatient care that they need. We are not yet sure how long the delay will last, but do not expect it to go past April 1.

Hospitals and Community Mental Health Centers (CMHCs) will be paid for outpatient services they provide to Medicare beneficiaries at the 2001 rates until the new 2002 rates are made effective. During the beginning of CY 2002, you will use the same Healthcare Procedure Coding System (HCPCS) codes for services paid under OPPS that you used in CY 2001. (The 2002 HCPCS codes for physicians and other providers will go into effect January 1, as previously announced.) CY2002 claims for outpatient services with service dates prior to the effective date for the CY 2002 rates will not be reprocessed using the new rates.

What you should know about coinsurance

We will implement two statutory provisions effective with dates of service on or after January 1, 2002. The Social Security Act (the Act) limits the copayment amount for a procedure performed in a year to no more than the inpatient hospital deductible for that year. The inpatient hospital deductible for 2002 will be \$812. We will implement the limit of \$812 on the copayment for a single procedure effective with dates of service on or after January 1, 2002. The Act also provides that, for services furnished in 2002, the national unadjusted coinsurance for an Ambulatory Payment Classification (APC) cannot exceed 55 percent. (The limit has been 57 percent in 2001.) We will implement the 55 percent limit on the national unadjusted coinsurance for each APC on January 1, 2002.

The delay affects only the following types of bills (TOBs) with the exception of claims from the hospitals noted below under "Exceptions":

- 12X – Hospital Inpatient Part B
- 13X – Hospital Outpatient
- 14X – Hospital Referred Diagnostic Tests
- 76X – Community Mental Health Center (CMHC)

Until further notice, these bill types will continue to be processed and paid using 2001 OPPS rates. Transitional pass-through payments will continue to be paid in the same manner as in 2001.

Exceptions: TOBs 12X, 13X, 14X, and 85X received from Critical Access Hospitals, Indian Health Service Hospitals, U.S. Virgin Island Hospitals, Maryland Hospitals, and those hospitals located in the Pacific (American Samoa, Guam, and Saipan) should continue to be processed in the normal manner as they are not affected by the delay.

What you should know about HCPCS codes

Revised and Deleted Codes

One of the largest impacts on your billing as a result of the delay will be the upcoming HCPCS changes. For outpatient services rendered on or after January 1, 2002, hospitals and CMHCs should continue to utilize the 2001 HCPCS codes and definitions until such time as the 2002 rates are implemented. If 2002 codes are submitted, the claim will be returned unprocessed.

New Codes

Until the 2002 rates are implemented, claims containing new 2002 HCPCS codes, including new lab HCPCS codes, will not be able to process to payment. Hospitals and CMHCs are not to submit a claim containing any new 2002 HCPCS codes for outpatient services. You should submit the claim with the 2001 code if available and the service is covered.

NOTE: Hospital physicians billing the carrier for any new 2002 HCPCS code will receive payment for the code beginning January 1, 2002. In addition, other provider types (TOBs 22X, 23X, 24X, 32X, 33X, 34X, 71X, 72X, 73X, 74X, 75X, 81X, and 82X) and hospitals not paid under OPSS will also receive payment for the new codes beginning January 1, 2002. Therefore, these entities are not restricted in the use of reporting the new codes.

NOTE: The traditional January 1 - March 31 grace period for old and new HCPCS codes remains unchanged. No extension of the grace period is foreseen at this time.

CMS will keep you informed concerning our progress in implementing the CY 2002 OPSS codes and rates. As the process continues forward, further information will be made available via the hcfa.gov website, Medlearn website, the OPSS listserv, and other CMS outreach methods.